

Press Release

CFS survey on Facebook's planned digital currency Libra:

German financial industry does not expect Libra to be introduced next year. Major concerns about potential threats to financial stability.

FRANKFURT, 11 November 2019. Facebook and a group of partners are planning to introduce a digital currency that can be used worldwide, the Libra coin. Shortly before the official launch, prominent supporters such as Mastercard, Visa and PayPal have pulled out of the project. Nevertheless, Facebook is sticking to its plans to roll out Libra next year. On 15 October 2019, the Charter of the Libra Association was signed by a total of 21 founding members.

Numerous politicians and regulators have voiced their concerns about the project since it was announced in June 2019. Central bank governors and finance ministers of the leading economies (G20) also oppose Libra on the grounds of potential risks to global financial stability.

The CFS survey on Libra reveals that the vast majority of respondents regard the concerns of central banks and supervisory authorities as justified. 76.8% of respondents expect Libra to reduce the effectiveness of monetary policy measures. 61.4% of respondents even consider Libra a threat to global financial stability.

In light of this, the majority of respondents (57.1%) do not expect Libra to actually be introduced in the coming year; only 38% believe this will happen.

“It is no surprise that there are significant concerns about Libra. These are also fuelled by Facebook's failure to publicly address Libra's long-term expansion plans,” Professor Volker Brühl, Managing Director of the Center for Financial Studies, interprets the survey results. “Moreover, Facebook's reputation, which has been tarnished by past data protection scandals, is not exactly conducive to such a project,” Brühl adds.

In spite of all the concerns, a majority of respondents (61.1%) oppose a general ban on Libra and advocate constructively accompanying the project in order to promote innovation in the financial sector. “The mood in the financial sector towards Libra is very ambivalent. On the one hand, the idea of a global settlement platform for payments is fascinating; on the other hand, there are fears of incalculable risks,” explains Volker Brühl.

“Once again, the survey proves that the financial sector is open to innovation but then again keeps a close eye on the risks,” says Hubertus Väth, Managing Director of Frankfurt Main Finance e.V. He points out: “The idea of a uniform, globally valid digital currency is fundamentally attractive and has considerable potential. However, there is a lack of convincing answers to larger questions.”

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The results are based on a quarterly management survey in the German financial sector.

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